

Fixed-Income Report

Feb 11th - 15th/2019

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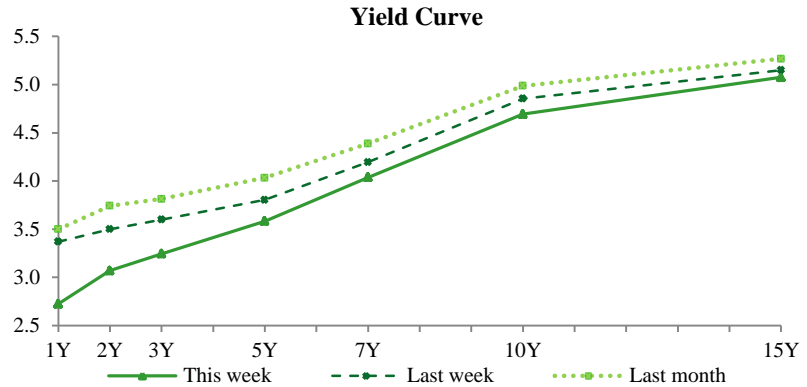
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Round-up

**Winning volume decrease at all tenors.
Yield curve steeped downward and became steeper.
Interbank gradually decreased.**



Source: Bloomberg, VCBS

- VND 10,950 bn was mobilized this week. VND 32,755 bn was traded on the secondary market..
- Bond yield moved downward and yield curve became steepened. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 2.725% (-64.5 bps), 3.07% (-43 bps), 3.245% (-35.5 bps), 3.583% (-22 bps), 4.038% (-15.7 bps), 4.693% (-16.2 bps) and 5.075% (-7.5 bps) respectively.
- Interbank rate decreased after Lunar new year break. In details, ON – 3M rates respectively posted at 4.18%, 4.28%, 4.39%, 4.55% and 4.69% according to Bloomberg data.
- Foreign investors net bought roughly VND 724 bn this week.
- SBV net injected VND 47,520.9 bn via OMO channel.

VCBS Commentary Feb 18th – Feb 22nd

- We believe that downward force on bond yields still remain in upcoming weeks. However, losing momentum shall become gradually become weaker because market expectation may have already been reflected.
- In upcoming weeks, we believe that there is still room for interbank rates to decrease more given that: (1) Liquidity from financial institutions will be better as the amount of bonds matured in 2019 will focus on the first half while credit growth will only at moderate level. (2) From worldwide factor, a more conservative approach from FED resulted in better sentiment of investors.

Bond Market

Primary Market

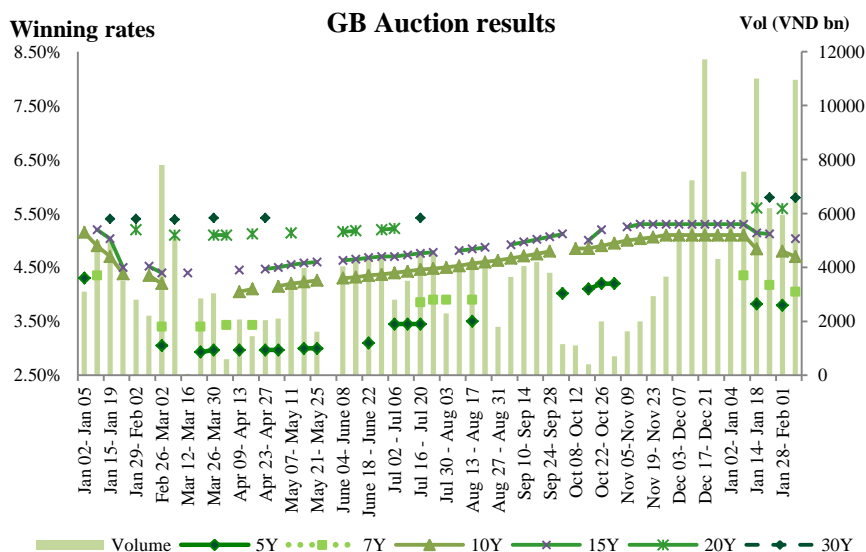
Winning rates decreased at all tenor

VND 10,950 bn was mobilized this week.

VND 10,950 bn was mobilized this week from ST. In detail, beside VND 4,500 at 10Y and 15Y tenor VND 1,900bn, and VND 50 bn worth of bond issued at 7Y & 30Y tenors. Winning rates for 7Y, 10Y, 15Y & 30Y were 4.05% (-12 bps), 4,7% (-10 bps), 5.03% (-9 bps) and 5.79% (-1 bps) respectively.

Winning volume was high for 15Y tenor. Meanwhile, the registered volume to offering volume ratio for 7Y, 10Y, 15Y & 30Y tenors were 2.33, 4.54, 4.63 and 1.1 respectively. Winning –to– offering ratio was 93%.

VBSP and VDB did not mobilize bond this week.



Source: HNX, VCBS

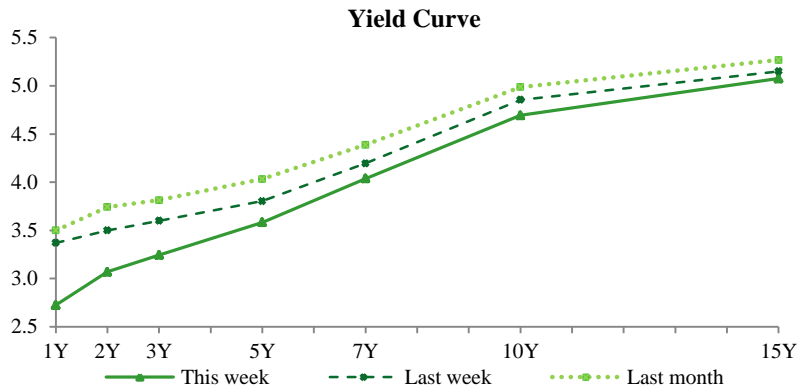
Secondary Market

Short-term bond yields decreased. Liquidity increased considerably.

VND 32,755 bn was traded on the secondary market.

VND 35,452 bn was traded on the secondary market. Outright and repo values were at VND 22,045 bn and VND 10,731 bn respectively. Regarding outright, ST-Bond kept dominating trading volume with 93%. Remarkably, this week a large proportion of bond trading (65%) belonged to short-term bond (<5year) followed by long-term bond (>10 year) (13%).

Bond yield moved downward and yield curve became steepened. According to Bloomberg data, 1Y, 2Y, 3Y, 5Y, 7Y, 10Y and 15Y bond yields posted at 2.725% (-64.5 bps), 3.07% (-43 bps), 3.245% (-35.5 bps), 3.583% (-22 bps), 4.038% (-15.7 bps), 4.693% (-16.2 bps) and 5.075% (-7.5 bps) respectively.



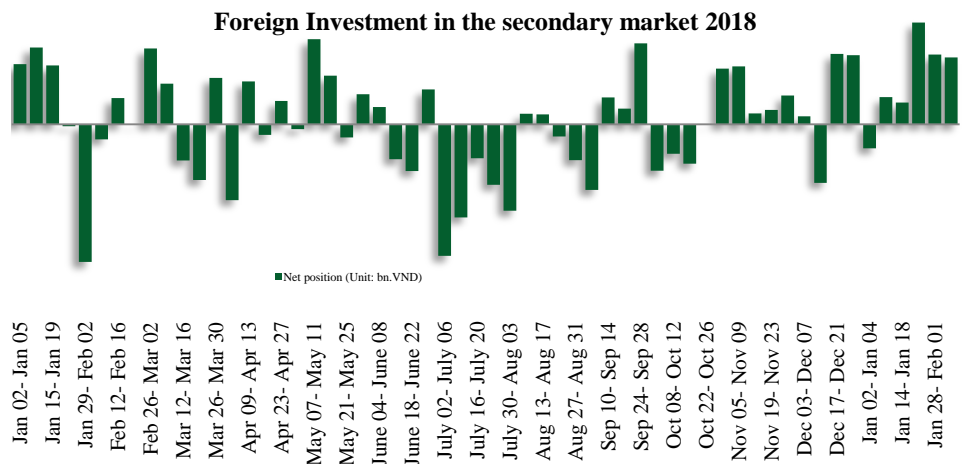
Source: Bloomberg, VCBS

As expected before, better liquidity in money market created downward force in bond market. In addition, the downward force was supported by the stability of macroeconomic factors exchange rates and inflation.

We believe that downward force on bond yields still remain in upcoming weeks. However, losing momentum shall become gradually become weaker because market expectation may have already been reflected.

Foreign investors net bought roughly VND 724 bn this week.

Foreign investors net bought roughly VND 724 bn this week. Except for 25-30 tenor, foreign recorded net bought value at almost all tenor. It should be note that normally, in the first quarter, Foreign tended to recorded net bought value.



Source: HNX, VCBS

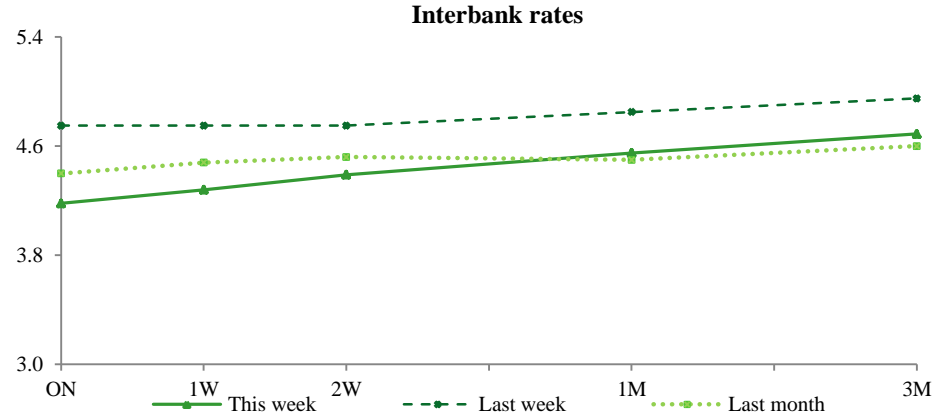
INTEREST RATE

Interbank Rates

Interbank rate decreased after Lunar new year break.

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data.



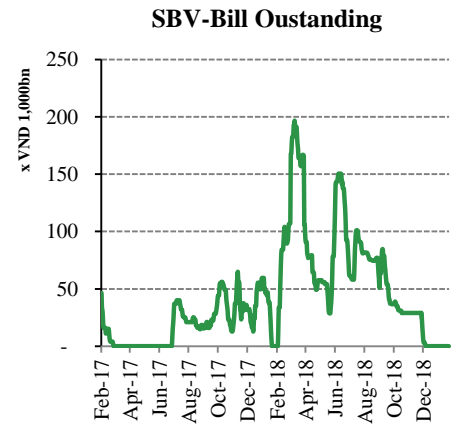
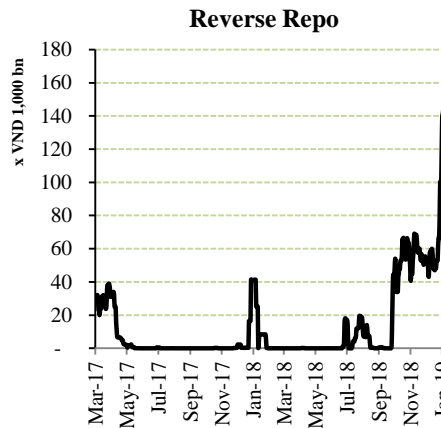
Source: Bloomberg, VCBS

In upcoming weeks, we believe that there is still room for interbank rates to decrease more given that: (1) Liquidity from financial institutions will be better as the amount of bonds matured in 2019 will focus on the first half while credit growth will only at moderate level. (2) From worldwide factor, a more conservative approach from FED resulted in better sentiment of investors.

Open Market Operation

SBV net withdrew VND 18,239 bn via OMO channel.

SBV net withdrew VND 18,239 bn via OMO channel. The outstanding of reverse repo gradually decreases in the first week after long week. This indicated a better liquidity and therefore it is considered a good signal to the market.



Source: Bloomberg, VCBS

END.

APPENDICES

Bond Auctions

Auction date	Tenor	Offering volume	Registering volume	Winning volume	Register to Offering Ratio	Winning rate (%)	Winning/Offering	Issuer
ST bills								
Government and government-backed bonds								
13-Feb-19	30Y	500	550	50	1.10	5.79	10.00%	ST
13-Feb-19	7Y	2,250	5,251	1,900	2.33	4.05	84.44%	ST
13-Feb-19	10Y	4,500	20,440	4,500	4.54	4.7	100.00%	ST
13-Feb-19	15Y	4,500	20,851	4,500	4.63	5.03	100.00%	ST

Secondary Market

Issuer	Week 28 Jan- 01 Feb		Week 11-15 Feb	
	Value	Value share	Value	Value share
Outright				
	10,863	87.07%	20,061	91.00%
	1,613	12.93%	1,983	9.00%
	-	0.00%	-	0.00%
	-	0.00%	-	0.00%
Repo	12,476	100.00%	22,045	100.00%
Outright	12,503	45.04%	10,731	33.15%
Repo	15,254	54.96%	21,639	66.85%
Subtotal (3)	27,756	100.00%	32,370	100.00%
ST bills				
Total (1)+(2)+(3)	40,233		53,314	

Open Market Operation

Date	Due	Reverse Repo			Outright (SBV Bills)			
		Offer	Balance	Outstanding	Due	Offer	Balance	Outstanding
09/03-09/07	7,702	7,349	(353)	7,349	1,100	0	(1,100)	74,530
09/10-09/14	7,349	330	(7,019)	330	2,000	4,500	2,500	77,030
09/17-09/21	330	20	(310)	20	36,400	22,830	(13,570)	63,461
09/24-09/28	20	456	436	456	10,500	25,620	15,120	78,581
10/05 -10/01	456	217	(239)	217	29,980	5,340	(24,640)	53,941
10/08 -10/12	217	0	(217)	0	22,981	4,400	(16,801)	37,140
10/15 -10/19	0	0	0	0	1,900	1,550	(350)	36,790
10/22- 10/26	0	44,345	44,345	44,345	4,280	2,000	(2,280)	34,510
10/29- 11/02	44,345	34,000	(10,346)	34,000	3,550	0	(3,550)	30,960
11/05- 11/09	34,000	52,658	18,659	52,658	2,000	0	(2,000)	28,960
11/12- 11/16	52,658	58,566	5,907	58,566	0	0	0	28,960
11/19- 11/23	58,566	63,655	5,089	63,655	0	0	0	28,960
11/26- 11/30	63,655	44,785	(18,870)	44,785	0	0	0	28,960
12/03- 12/07	44,785	68,313	23,528	68,313	0	0	0	28,960
12/10- 12/14	68,313	60,033	(8,280)	60,033	0	0	0	28,960
12/17- 12/21	60,033	52,799	(7,234)	52,799	25,960	0	(25,960)	3,000
12/24- 12/28	52,799	51,064	(1,735)	51,064	3,000	0	(3,000)	0
01/02- 01/05	29,048	30,640	6,574	57,638	0	0	0	0
01/07- 01/11	52,656	47,823	(4,803)	52,835	0	0	0	0
01/14- 01/18	47,853	52,815	4,962	52,815	0	0	0	0
01/21 - 01/25	52,814.9	100,335.8	47,520.9	100,335.8	0	0	0	0
01/28 - 02/01	0	52,284	52,284	152,619	0	0	0	0
02/11 - 02/15	32,035	13,796.10	(18,239)	134,380	0	0	0	0

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